

AMERICAN BROADCASTING-PARAMOUNT THEATRES, INC.



BOARDS

ANNUAL REPORT 1962

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*A subsidiary of the corporation

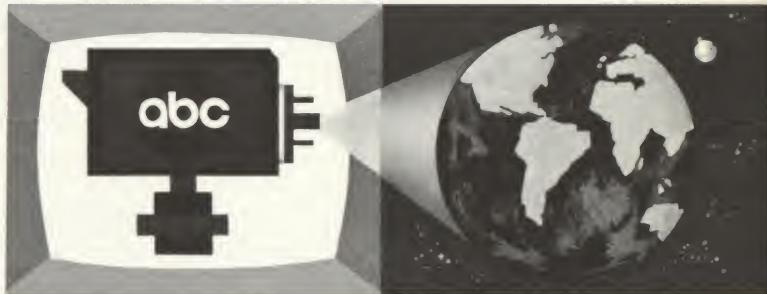
EXECUTIVE COMMITTEE

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AMERICAN BROADCASTING — PARAMOUNT THEATRES, INC.



The successful orbiting of Telstar, the first communications satellite, was one of the major events of 1962. It heralds the beginning of international television via satellite transmission and presents both a challenge and opportunity over the coming years to achieve better understanding among the peoples of the world through the medium of television communications.

- 2** The Year in Brief
- 3** President's Letter to Shareholders
- 5** Financial and Operating Review
- 7** Broadcasting
- 17** Theatres
- 22** Records
- 24** Film Syndication
- 25** Amusement Centers
- 26** Publishing
- 27** Electronics
- 28** Consolidated Financial Statements and Notes

EXECUTIVE OFFICES 7 West 66th Street, New York 23, N.Y.
INDEPENDENT ACCOUNTANTS Price Waterhouse & Co.
TRANSFER AGENT Bankers Trust Company
REGISTRAR The Bank of New York

THE YEAR IN BRIEF

		1962	1961
INCOME	ABC operating income	\$274,523,000	\$254,280,000
	Theatre operating income	75,956,000	83,328,000
	Merchandise sales and other income	29,262,000	25,477,000
	Total	<u>\$379,741,000</u>	<u>\$363,085,000</u>
EXPENSES	Operating and general expenses	\$340,595,000	\$325,711,000
	Depreciation	6,144,000	6,220,000
	Interest	2,164,000	2,271,000
	State, local and payroll taxes	7,892,000	7,564,000
	Federal income tax	12,189,000	11,413,000
	Total	<u>\$368,984,000</u>	<u>\$353,179,000</u>
NET PROFIT	Operations	\$ 10,757,000	\$ 9,906,000
	Capital gains	282,000	5,124,000
	Total	<u>\$ 11,039,000</u>	<u>\$ 15,030,000</u>
	Per share common:		
	Operations	\$2.46	\$2.29*
	Capital gains07	1.18*
	Combined	\$2.53	\$3.47*
DIVIDENDS PAID	Total-Cash	\$ 4,368,000	\$ 4,296,000
	Per share preferred		\$.75
	Per share common	\$1.00	\$1.00
	2% Stock Dividend—Common shares issued	87,380	85,517
	Shares of common stock outstanding	4,456,427	4,361,376
FINANCIAL POSITION	Working capital	\$ 69,126,000	\$ 65,941,000
	Property and equipment (net)	\$ 68,113,000	\$ 64,272,000
	Long-term debt	\$ 52,770,000	\$ 51,670,000
	Common stock equity:		
	Total	\$108,532,000	\$101,706,000
	Per share	\$24.35	\$23.32
GENERAL	Stockholders of record	20,581	20,944
	Theatres	443	456
	ABC-TV Network affiliates	264†	266
	ABC-Radio Network affiliates	427	402

Net profit per share is based on the average number of shares outstanding.

*Adjusted for the 2% stock dividend paid in 1961.

†The decrease in total affiliates reflects the dropping of secondary affiliates where full-time primary affiliates were added, resulting in broader audience coverage.

PRESIDENT'S LETTER TO SHAREHOLDERS

Income and operating profit reached an historic high in 1962. Total income rose to \$379,741,000 from \$363,085,000 in 1961. Net operating profit after taxes increased to \$10,757,000 or \$2.46 per share from \$9,906,000 or \$2.29 per share in 1961, based on the average number of shares outstanding.

The ABC Division reported record income and profit. The ABC Television Network was significantly strengthened by the addition of major station affiliates in new markets, thus continuing to broaden its structure as it moves toward full competitive parity. The ABC News operation was further expanded to bring to the American viewing audience timely and comprehensive news and public affairs reports in greater number and depth than ever before. The ABC owned television and radio stations, operating in six major cities of the country, continued their growth pattern as they maintained a leading position in local service to their respective communities. The ABC Radio Network, through its programming which included broadened news services, and through the addition of key stations to its network structure, strengthened and improved its operation.

The successful launching of the Telstar satellite focused increased public attention on the potential of international television, a field in which our Company has been most active for the past three years. Further associations were made by ABC International with foreign television stations in Canada, Okinawa, Nigeria, Brazil and Mexico. Currently, these associations are with thirty-six stations in nineteen countries outside the United States.

Theatre business was off from the level of the prior year, reflecting the fewer number of quality pictures released as well as the effect of sustained adverse weather conditions early in the year. At the

1962 year end, the Company's subsidiaries had interests in 443 theatres, fifteen marginal properties having been divested and two theatres having been acquired. Further acquisitions, particularly in growing suburban areas, are being considered.

The Company's other operations showed improvement. ABC-Paramount Records achieved peak sales. ABC Films' increased sales reflected the greater number of television properties handled. Prairie Farmer maintained its preeminent position in the field of farm publications. The acquisition of Silver Springs, a major scenic attraction center, adds much to the Company's potential in this field in which it operates another similar Florida enterprise, Weeki Wachee Spring. Minority interests are held in three electronic companies. These and the other operations of the Company are described more fully in the following sections of this report.

Our Company's strong financial position is being maintained to support the full development of our present enterprises as well as to provide for new opportunities that may arise, including the future and exciting applications of broadcasting on a global basis. To this end, the physical resources of our Corporation are being applied by an experienced and resourceful organization, whose dedication and enterprise have been reflected in the growth that has been evidenced to date.

Sincerely,

Leonard H Goldenson
President

March 18, 1963

FINANCIAL AND OPERATING REVIEW

NET PROFIT

Net operating profit after taxes increased to a record level of \$10,757,000 or \$2.46 per share compared with \$9,906,000 or \$2.29 per share for the previous year. Capital gains were \$282,000. The large capital gains in 1961 of \$5,124,000 were principally from the sale of half the Company's stock interest in Microwave Associates, Inc. and the collection of the balance of the sale price of the stock interest in Disneyland Park.

NET PROFIT AFTER TAXES

	1962	1961
Operations	\$10,757,000	\$ 9,906,000
Capital gains	282,000	5,124,000
Total	<u>\$11,039,000</u>	<u>\$15,030,000</u>
Preferred dividends paid	\$ 51,000	
Net applicable to common.....	\$11,039,000	14,979,000
Per share common:		
Operations	\$2.46	\$2.29*
Capital gains07	1.18*
Combined	<u>\$2.53</u>	<u>\$3.47*</u>

Net profit per share is based on the average number of shares outstanding.

*Adjusted for the 2% stock dividend paid in 1961.

DIVIDENDS

Cash dividends paid to our shareholders in 1962 amounted to \$4,368,000 or \$1.00 per share on the outstanding common stock. At the year end, this was supplemented by a 2% stock dividend on the common stock.

INCOME

Total income reached an all-time high of \$379,741,000 compared with \$363,085,000 in 1961. The income of the ABC Division increased to \$274,523,000 from \$254,280,000. Theatre income was \$75,956,000 compared with \$83,328,000 for the prior year. Miscellaneous income, principally from the record and publishing subsidiaries, was at a record level of \$29,262,000.

LONG-TERM DEBT

At the 1962 year end, total debt under the Loan Agreement was \$47,500,000. In accordance with the Company's policy of keeping a year ahead of required pre-payments, the installments normally due on July 1, 1963 and January 1, 1964 were prepaid in full. Other long-term obligations at the year end were \$5,270,000.

CAPITAL STOCK

The book value of the common stock increased to \$108,532,000 or \$24.35 per share at the year end, from \$101,706,000 or \$23.32 per share at the close of 1961.

WORKING CAPITAL

Working capital at the year end was \$69,126,000. The Company maintained a strong cash position with cash, government securities and certificates of deposit aggregating \$43,408,000. Total depreciation was \$6,144,000 of which \$2,658,000 was applicable to the ABC Division, \$3,081,000 to theatres and \$405,000 to other operations. Expenditures of \$2,871,000 were for additions to property and equipment for the ABC Division, \$2,506,000 was reinvested in theatre additions and replacements and \$291,000 was for additions by subsidiaries engaged in other operations.

SOURCE AND APPLICATION OF FUNDS

	1962
Working capital at beginning of year	\$65,941,000
Source of funds	
Profit from operations	\$10,757,000
Provision for depreciation	6,144,000
Cash proceeds from capital gains transactions, after taxes thereon	3,248,000
Mortgage loan obtained by a subsidiary to finance acquisition of Silver Springs	4,500,000
Amounts received increasing deferred income	419,000
Proceeds from exercise of stock options.....	<u>185,000</u>
	25,253,000
	\$91,194,000

Application of funds	
Cash dividends paid	\$ 4,368,000
Property and equipment additions and re- placements	5,668,000
Acquisition of Silver Springs properties.....	6,907,000
Payments and prepayments of long-term debt	
Under Loan Agreement	2,500,000
Other notes and mortgages	554,000
Investments in affiliated companies	1,609,000
Other, net	<u>462,000</u>
Working capital at end of year	22,068,000 <u>\$69,126,000</u>

BROADCASTING



PROGRAM VARIETY IN THE 1962-63 SEASON

TELEVISION

Network television continued its growth pattern, reflecting both its ability to win a larger share of the advertising dollar and to bring many new advertisers into the medium. Advertiser acceptance enabled the ABC Television Network to maintain its steady climb in gross time billings for the tenth consecutive year. Moreover, the network was importantly strengthened in its structure of affiliated stations. The addition of new primary affiliated stations in such key markets as Syracuse, Rochester, Grand Rapids-Kalamazoo, Raleigh and New Bedford-Providence, increased the network's direct live coverage to close to 93% of all U.S. television homes.

In the 1962-63 television season, the network presented a broad spectrum of programming. Notable among the new shows was *COMBAT!*, a pioneering effort in World War II drama which was produced by the Company's subsidiary, Selmar Productions. The return of the *VOICE OF FIRESTONE* with its stellar contingent of the world's finest musical talents was another distinguished addition to the schedule; *WAGON TRAIN*, new to ABC-TV, continued as a strong audience favorite; and *MCHALE'S NAVY* proved to be one of the leading comedy hits of the season. They contributed fresh, diversified appeal to a strong, balanced night-time lineup of proven favorites headed by *BEN CASEY*, one of the most popular shows in television, and such long-run favorites as *THE DONNA REED SHOW*, *OZZIE AND HARRIET*, *MY THREE SONS* and *THE LAWRENCE WELK SHOW*.

DRAMA: BEN CASEY
starring Vincent Edwards



COMEDY: MC HALE'S NAVY
with Ernest Borgnine



SPORTS: CHALLENGE GOLF
with Arnold Palmer



MUSIC: VOICE OF FIRESTONE
with guest stars
Rise Stevens and Brian Sullivan



The network's daytime schedule was enhanced by new programs and talented personalities. Tennessee Ernie Ford, one of the most popular performers, joined such well-known stars on other ABC programs as Jack Bailey, Dick Clark and Jack Narz. *DISCOVERY*, one of the most comprehensive network undertakings in children's programming, relating to education as well as entertainment, received widespread commendation, including the Thomas Alva Edison Award as "the best science television program for youth." On Saturday mornings, the network also presented such entertaining children's shows as *TOP CAT*, *BUGS BUNNY*, *MY FRIEND FLICKA* and *THE MAGIC LAND OF ALLAKAZAM*.

Added to the regular schedule were a number of specials; among them, a series of uniquely diverting entertainments by Sid Caesar and Edie Adams. Bing Crosby specials, including a Christmas Eve show co-starring Mary Martin, drew audiences that ranked with the largest of the year. ABC-TV again presented the exclusive telecast of Hollywood's Motion Picture Academy Awards, one of television's greatest perennial attractions.

In sports, ABC-TV maintained a preeminent position, devoting a greater number of programming hours to a greater variety of sports attractions than ever before. Included were such events as the American Football League games, which enjoyed

THE TRAVELS OF JAIMIE MC PHEETERS
based on the Pulitzer Prize novel



ARREST AND TRIAL
unusual 90 minute
duo-drama series



JERRY LEWIS
host and star of
a two-hour variety program



THE GREATEST SHOW ON EARTH
Jack Palance stars in drama series
set against the circus background

HIGHLIGHTS OF THE 1963-64 SEASON

a third and most successful season, scoring an impressive increase in audience over the previous year; and CHALLENGE GOLF, starring Arnold Palmer with Gary Player and other leading professionals. WIDE WORLD OF SPORTS, an excellent example of the medium's international scope, sent its trained crews to every corner of the globe to bring American viewers the top competitive events, including the U.S.-Russian Track Meet, the Japanese All-Star Game, the Le Mans Grand Prix, the America's Cup Races and others. Next season will bring another major sports event to television when ABC-TV provides the exclusive coverage of the 1964 Winter Olympic Games in Innsbruck, Austria.

The network has made substantial strides over the past several years in achieving increased audience acceptance for its programming against strong competition. Since some shows in the current season did not measure up to anticipated audience levels, the network has already planned important innovations for the 1963-64 season. Jerry Lewis, one of the most popular and creative stars in the entertainment arts, will host an unprecedented two-hour variety show each week. In ARREST AND TRIAL, ABC-TV will again be the innovator by combining two 45-minute programs in a novel duo-drama concept. The program CHANNING will capitalize on nationwide interest in colleges and youth, to present hour-long meaningful dramas set against the backdrop of a typical American campus. THE TRAVELS OF JAIMIE MC PHEETERS, based on the Pulitzer Prize novel, promises to bring new scope and enjoyment to the home screens. Other noteworthy programs in the upcoming season will include BREAKING POINT, a dramatic series about

psychiatry, by the producers of BEN CASEY; THE JIMMY DEAN SHOW, a fresh new musical variety hour, produced by Bob Banner, one of television's most successful creative talents; THE GREATEST SHOW ON EARTH starring Jack Palance in a dramatic series set against the backdrop of the Ringling Bros.-Barnum & Bailey Circus; a novel approach to the fascinating realm of science fiction with STAND BY; and the enduring popular game show, THE PRICE IS RIGHT.

Such creative programming, varied in concept and appeal, will serve to maintain the tremendous acceptance and popularity of television with the American viewing public.

NEWS AND PUBLIC AFFAIRS

ABC News and Public Affairs continued to enlarge its operations to provide broader world-wide news coverage, adding key personnel and refining techniques to bring its programs to the American viewer with greater pictorial vividness.

ABC newsmen were on the scene with comprehensive reports covering such far-flung events as the successful launch of the Telstar satellite and the equally momentous achievements in space shots, the Mississippi school riots, the ending of the Algerian war, Red China's attack on India and the



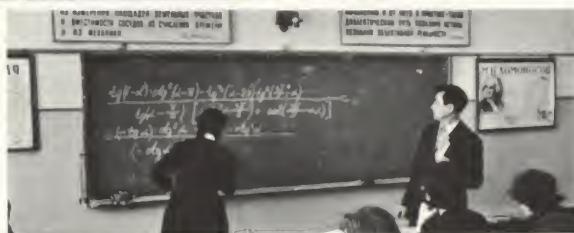
GOVERNMENT:
A Conversation
with the President



SPACE:
Col. Glenn's historical
orbital flight



WORLD AFFAIRS:
Interviews with refugees
in Florida following
the Cuban crisis



SPECIAL REPORTS:
A look at Russian education
on the CLOSE-UP series

ABC NEWS COVERS THE MAJOR EVENTS OF 1962

confrontation of the United States and the Soviet Union during the Cuban missile threat.

More time than ever before was devoted to the quickening pace of news events around the globe and many regular programs were preempted and frequently interrupted to keep the public abreast of these developments. During the week of the Cuban crisis alone, six hours of news bulletins and special reports preempted entertainment programming to supplement regularly scheduled news programs. Similarly, the manned orbital flights of astronauts John Glenn, Scott Carpenter and Walter Schirra and the exchange telecasts with Europe via the Telstar communications satellite were brought to the American public as these events occurred, with the vivid immediacy that only the television medium can provide. Highlighting an election year, ABC's campaign series, "Politics-62," set the stage for the political campaigns and included exclusive appearances by President Kennedy and former President Eisenhower, preceding the extensive coverage of the returns on Election Day.

During the course of the year, many awards were received in recognition of the scope and excellence of news and public affairs programming. For the second consecutive year, the CLOSE-UP series sponsored by Bell & Howell, was the recipient of the

1962 Thomas Alva Edison Foundation Award for the program "Meet Comrade Student," a provocative insight into Soviet elementary and secondary school education. This series also was cited by the Overseas Press Club for best foreign reporting and by Ohio State University for courageous treatment of controversial subjects. Howard K. Smith received the coveted Paul White Award, the first time that such an award was made to a news commentator by the nation's radio and television news directors. The educational series, MEET THE PROFESSOR, won the National Education Association's "School Bell Award." In the field of religion, DIRECTIONS '63 was honored at the International Catholic Festival in Monte Carlo for its program "Child of Light."

On the regularly scheduled programs ISSUES AND ANSWERS and ADLAI STEVENSON REPORTS, interviews were held with many of the leading statesmen of this country and from abroad. The highly acclaimed "Conversation with the President" was presented by ABC together with the other networks. Scheduled to start this coming Fall will be FDR, a program series covering the Roosevelt years, which will be comparable in scope and creativity to the recent series on the wartime career of Winston Churchill.

TELEVISION AROUND THE WORLD

a children's program
in the Philippines



language lessons
in El Salvador



and Latin American
dancers in Panama



The launching of the Telstar communications satellite in July dramatized the exciting possibilities of international television broadcasting, a field in which ABC International has already become firmly established.

A presentation by ABC International, entitled "ABC Worldvision—Your Passport to the Future," was made in New York City before an audience of leading industrial and advertising executives. It outlined the quick development of television around the world and ABC International's pioneering role in the creation of a world-wide network of commercial stations. The excellent response to this first such presentation resulted in showings in Mexico City, London and Geneva. Prior to this presentation in October, the European Broadcasting Union held its first meeting in the United States with representatives of the American television broadcasting industry to discuss plans and procedures for the future implementation of international television.

ABC International has continued to broaden its associations with foreign television stations, the most recent being stations in Okinawa, Canada, Iran, Nigeria, Brazil and Mexico.

These additions during the past year have added over 1,000,000 homes to the audience represented by stations associated with ABC International. At

ABC INTERNATIONAL

this time, these thirty-six stations can reach more than 14,000,000 homes in nineteen nations outside the United States.

The Company, in pioneering in international television, recognized the risks involved in countries where difficult economic problems exist; it similarly has taken into account that little or no return is likely for several years. With television growing rapidly throughout the world and offering great long range potential, ABC International expects to maintain its leading position in this field.

RADIO



A capacity audience welcomes THE BREAKFAST CLUB program to LaCrosse, Wisconsin

The ABC Radio Network further strengthened its operation during the year. Although still not having reached a breakeven point in profitability, additional and improved station affiliates and imaginative and timely programming, particularly in the news area, resulted in increased sales.

Network news broadcasts consistently achieved impressive records for speed, accuracy and thoroughness. Of all the events covered, the most notable were those associated with the Cuban crisis during seven highly crucial days in October. The ABC Radio news coverage received singular praise in both consumer and trade press as well as from affiliated stations throughout the country. The consensus of both audience and station opinion was that such news coverage was unmatched in the industry.



ABC News Around the World—Correspondent Charles Arnot interviews Prime Minister Nehru in New Delhi

The nationally well-known Bob Considine was added to ABC's list of commentators heard daily on the Radio Network with the program **ON THE LINE WITH BOB CONSIDINE**.

Both Don McNeill's **BREAKFAST CLUB** and **FLAIR**, featuring Dick Van Dyke, continued to build in audience popularity and advertiser support. The morning-hour **BREAKFAST CLUB** drew unprecedented live audiences whenever the program traveled from its home base in Chicago.

The network's diversified sports programming was further enhanced with a series of five week-day and eight week-end programs, including on-the-scene reporting from a major sports event each month by former All-American Tom Harmon. Another addition to the schedule was Howard Cosell's program of interviews with leading sports figures.

Special events of interest to the nation's sports fans included the Orange Bowl football game from Miami, the full Notre Dame football schedule, the All-Star football game from Chicago and the America's Cup Yacht Race from Newport, Rhode Island. The Liston-Patterson Heavyweight Championship Fight was broadcast exclusively over ABC Radio stations in all 50 states.

In the area of news and public affairs programming, ABC Radio broadcast such timely informational programs as the manned orbital flights of John Glenn, Scott Carpenter and Walter Schirra; **MOENTS OF CRISIS**, relating to the Cuban quarantine; **TEST AND PROTEST**, concerning problems of disarmament; **WAR OF WORDS**, the story of the Voice of America and Radio Moscow; **CRISIS IN THE EAST**, the threat of Communist China; and **THE BIG STICK**, the story of the Strategic Air Command. In addition to other important issues, all of the Presidential News Conferences were broadcast live. Over-all, there was a 75% increase in the number of special public affairs programs over the previous year.

Broadcasting these and other ABC Radio programs for the first time were twenty-five new affiliates which joined the network during the year. These included several maximum powered stations which materially added to the network's improved coverage of the country.

OWNED STATIONS

TELEVISION

The ABC owned television stations reported their best year to date in 1962 which was reflected in increased revenues and in the broadened scope and diversity of their local programming. A cross-section of their individual activities in responsibly serving the five major communities in which they operate are noted below.

Highlighting the activities of station WABC-TV in New York was the introduction of **THE BIG NEWS**, an innovation in local television news service comprising a full hour of local, regional, national and international news. In addition, during the extended New York City newspaper strike, WABC-TV significantly expanded its news telecasts to more than twenty-two hours weekly. Typical of the station's local live programming was **ANSWERING SERVICE** starring Betty Furness, in which a panel of experts respond to questions from viewers. WABC-TV's production **WALKING HARD**, a study of juvenile delinquency, earned an "Emmy" award nomination for the station in the category of "the best documentary of the year."

In Los Angeles, KABC-TV's excellent production on the problem of school drop outs, **DROP OUT BLACKOUTS**, was presented to the Secretary of Health, Education and Welfare for national distribution to secondary schools throughout the country. The station's locally produced public affairs programming, covering a broad spectrum of subjects of local interest, included **JUSTICE DELAYED**, the story of the log jam in the court system, **GREAT CONVERSATIONS**, the discussions of today's challenges to democracy, **WALK OLD, WALK LONELY**, the plight of today's senior citizens, and **SOUNDS OF JAZZ**, showing the development of America's original musical art form. During the year, KABC-TV inaugurated **THE NEWS HOUR**, a daily hour-long news service supported by a team of twenty-five newsmen.

Station WBKB in Chicago maintained its enviable record of timely, provocative and high quality local programming. The **HOME AGAIN** biographical series explored the formative years of well-known ex-Chicagoans, including Steve Allen, Archibald

MacLeish and Benny Goodman. The series **THE FACE OF MODERN GERMANY** was an illuminating study of the people of and the events in Berlin. Other WBKB documentaries included **ARGONNE REVISITED**, concerning the training of young people as atomic scientists, **THE P-BOMB**, an incisive analysis of Chicago's population, both present and future and **WARSAW—A WALK THROUGH THE CURTAIN**, the reaction of a native son's recent return to Poland. In taking up a local community problem, WBKB's campaign to provide jobs for high school students contributed to a 73% increase in summer job placement.



KGO-TV telecast of the largest naturalization ceremony ever held in western United States

they felt the needle in 6 places!



(all 6 ABC owned radio stations started a community action polio-vaccination drive)

ABC acts to produce action! Every month a major public service effort on ABC owned radio stations reaches out to six of the nation's largest metropolitan areas—New York, Chicago, Pittsburgh, Detroit, Atlanta and San Francisco. Each month new stimulus to community action springs from each city's most stimulating station. Recently a polio vaccination campaign on ABC stations was spearheaded by appeals from such "local" talent as Eleanor Roosevelt and Henry Fonda in New York, John Wayne and Red Buttons in Los Angeles, Pie Traynor and David MacDonald in Pittsburgh. The

result: action! The anti-polio drive is just the beginning. Month after month these public service programs will reach ever larger audiences in all of the nation's largest markets. This is the kind of living radio that produces community action. This is the kind of living radio that produces action for the sponsor who knows where to find it—on ABC owned radio stations!

ABC OWNED RADIO STATIONS
WABC NEW YORK WLS CHICAGO KGO SAN FRANCISCO
KQV PITTSBURGH WXYZ DETROIT KABC LOS ANGELES



One more for the President...

This San Francisco schoolboy isn't going to be a "Soft American."

When President Kennedy charged that too many young Americans were neglecting their bodies, most of the country took his words to heart. How could his call to action best be answered?

It was answered by San Francisco's KGO-TV—one of the five ABC Owned Television Stations—in the community spirit that all these stations are continually displaying.

Conceived by KGO-TV, the "Formula for Fitness" program is doing much to raise the standards of physical education in Southern California.

This program was launched last March with an hour-long documentary discussion of the falling off in the physical condition of our people.

It continued next day, with the first of a long series of physical training demonstration programs, scripted and produced by 38 school districts in the San Francisco Bay area. Each demonstration lasts 10 minutes.

Fifty are now being rerun.

This particular public service project is just one example of the way each ABC Owned Television Station is assuming vigorous leadership in community affairs.

Undertaken in the same spirit, for instance—and presented with equal excitement—is WXYZ-TV's "Junior Sports Club" program in Detroit. This Saturday afternoon feature won the 1961 National Recreation Association Award for outstanding TV reporting in the field of physical recreation.

Or witness WABC-TV's "High School Sports"—only TV coverage of these sports in the New York area. And KABC-TV's "Matter of Life" in Los Angeles, a program on heart research. And WBKB's anti-influenza drive in Chicago a reminder to viewers to get their "shots" before the winter's predicted epidemic.

Today, all ABC Owned Television Stations are community-slanted. And staffed with enthusiastic, imaginative people.

All five are very much alive.

New and enhanced stature was earned by KGO-TV in San Francisco by presenting such special programs as an hour-long concert by the San Francisco Symphony Orchestra, a television debut on its golden anniversary; and a presentation of the installation of Joseph T. McGucken, fifth archbishop of San Francisco. The station's widely-acclaimed FORMULA FOR FITNESS series earned many local and national awards. Other programs which provide unusual services to the community are the weekly GOLDEN GATE STORY, highlighting the activities of recognized civic organizations and KGO-TV's series of station editorials commenting on local and regional affairs.

WXYZ-TV's preeminent position in Detroit was enhanced by such projects as the award-winning RURAL NEWSREEL, a weekly series devoted to the farm areas covered by the station's signal, the appointment of a public affairs coordinator to maintain the important relationship between the community and the station, and the production of documentary programs of major local interest, such as JUNIOR ACHIEVEMENT, BLESS THE CURSED TAX and TV DEBATES between Governor John B. Swainson and George Romney. In November, Vice President Johnson presented to the station the National Recreation Association-AMF Television Award for the station's presentation of JUNIOR SPORTS CLUB. In its annual TOYS FOR TOTS JAMBOREE, WXYZ-TV collected almost 24,000 toys to be distributed by the Marine Corps Reserve at Christmas time. To relate its programming to the community's needs, WXYZ-TV inaugurated its CITIZENS SURVEY, wherein civic, educational, cultural and religious leaders are asked each month to suggest areas in which television might make a specific and worthwhile contribution.

In its first full year of operation, ABC Television Spot Sales made substantial gains in national spot advertising for the company's five stations, which it represents exclusively. This subsidiary, with offices in key cities, concentrates on sales to national advertisers who wish to buy time on an individual station basis.

RADIO

The ABC owned radio stations experienced major gains in 1962 in the areas of community service, audience and sales.

These stations expanded their individual public affairs activities, resulting in many awards and in their being increasingly recognized as integral parts of their communities.

WABC, New York, received over fifteen major awards in 1962 for community service activities ranging from the Citizens Budget Commission Award for the documentary series SOUND OF NEW YORK, a year-long study of local government, to the National Humor Award for the documentary IS NEW YORK LOSING ITS SENSE OF HUMOR. The station's News and Special Events Department distinguished itself through complete day-to-day coverage of all metropolitan area events and received particular recognition for its up-to-the-minute and on-the-spot coverage of several local disasters as well as astronaut John Glenn's reception.

As a further service during the newspaper strike, WABC-FM was converted to a continuous news and information service, broadcasting 17 hours each day.

WXYZ in Detroit achieved a distinguished record in public affairs programming in 1962. More than 300 special programs of public interest were carried, including the first live broadcast from the Michigan State Senate and two special half-hour programs on the Michigan Constitutional Convention. Because of their excellence, the latter programs were used by sixteen other Michigan stations. The broadcast from the State Senate was carried for over ten hours and covered the debate on a state income tax. The station was cited for this public service in the official State Senate Record. Another highlight of the station's activities is its series of editorials on matters of local interest, which have been receiving widespread comment and commendation.

In 1962, KABC, Los Angeles, further expanded its news and conversation programming to six days

a week. This program format has continued its remarkable audience growth and is unique among radio stations of the country. The station continued its "Community Service Project of the Month" and has aided 28 worthwhile local organizations since its inception in 1960. The climax of these efforts was reached in an educational campaign for the Arthritis and Rheumatism Foundation. This was carried exclusively over KABC and chapter officials reported a ten-fold increase in requests for information and literature.

At KQV, Pittsburgh, public service activities included the third successive "Million Dollar Wednesday" during which corporate and civic leaders took over KQV microphones on behalf of the United Fund. This public service was again considered a major factor in assisting the United Fund to exceed its 1962 goal. The station also conducted a campaign to encourage driving instruction in Pittsburgh schools. This safety promotion was just one effort in this area which resulted in KQV's receiving an award from the National Safety Council and the

All-State National Safety Crusade Certificate of Commendation. KQV preempted more than 30 hours of regularly scheduled programming to report the special Milk Commission Hearings in Pennsylvania, an excellent example of a local station revising its programming to bring to its listeners extensive coverage of a locally important issue.

WLS in Chicago continued its rapid growth in 1962 and ranks as one of the dominant stations of the midwest. Its community service activities included two unusual series of programs; one, on medical research produced in cooperation with the University of Illinois Research Hospital, the other, concerning modern education and the proper selection of schools of higher education, produced in cooperation with Loyola University and other schools. One of the most successful efforts of the station in 1962 was a special campaign in connection with the Danny Thomas-St. Jude Research Hospital Fund drive. Over 5,000 young people responded to act as volunteers and the station was commended not only for the funds received, but for the opportunity to serve the public which this campaign gave to young people.

Highlighting the activities of KGO, San Francisco, was the National Safety Council's Public Interest Award for promoting traffic safety, KGO being the only commercial station in northern California to receive this commendation. The station also conducted a special series of "Community Close-Up" features, during which the station aired salutes to various cities and towns served by its signal, highlighting their history, cultural activities and interesting attractions. Forty-two cities were saluted in this manner.

A series of group Community Action campaigns which began in 1961 was continued in 1962 with great success. Typical of these was the campaign in cooperation with the American Red Cross to promote water safety during the summer months. With all stations participating and using well-known personalities, millions of people in the six metropolitan areas were cautioned and instructed in safe habits around water during the summer months. Radio's special ability to reach people on the threshold of action made this campaign especially effective and each station, as well as the stations as a group, received special recognition for this effort.

Timely discussions on medicine on the University of Illinois Medical Research Center—WLS program



WOOD

WOOD PENNY

42 INTERNATIONAL ST.

THEATRES



CLEOPATRA starring Elizabeth Taylor,
Richard Burton and Rex Harrison



PT 109 with Cliff
Robertson and Ty Hardin.



COME BLOW YOUR HORN
featuring Frank Sinatra
and Lee J. Cobb



THE THRILL OF IT ALL
with Doris Day and James Garner



IRMA LA DOUCE starring
Jack Lemmon and Shirley MacLaine

A TICKLISH AFFAIR
stars Shirley Jones and Gig Young



BYE BYE BIRDIE
with Janet Leigh
and Dick Van Dyke



SUMMER MAGIC with Hayley Mills,
Burl Ives and Dorothy McGuire



MOTION PICTURE HIGHLIGHTS OF THE 1963 SEASON

Theatre business during 1962 was off from the previous year's level due to the fewer number of quality pictures released and the effect of sustained adverse weather conditions throughout the country early in the year.

The pictures that are presently scheduled for release during the coming months of the current year give every indication of providing an impressive account of themselves. Some of these attractions which are illustrated in this section include: COME BLOW YOUR HORN with Frank Sinatra, PT 109 with Cliff Robertson, IRMA LA DOUCE starring Shirley MacLaine and Jack Lemmon, A TICKLISH AFFAIR with Shirley Jones, THE THRILL OF IT ALL featuring Doris Day and James Garner, BYE BYE BIRDIE with Dick Van Dyke and Janet Leigh, SUMMER MAGIC with Hayley Mills, Burl Ives and Dorothy McGuire and the long-awaited showing of CLEOPATRA starring Elizabeth Taylor, Richard Burton and Rex Harrison. Other motion pictures to be noted include:

DONAVAN'S REEF with John Wayne, SPENCER'S MOUNTAIN starring Henry Fonda and Maureen O'Hara, CALL ME BWANA featuring Bob Hope, HOW THE WEST WAS WON, the Cinerama production with an all-star cast, THE VICTORS with Vincent Edwards and Melina Mercouri and THE LEOPARD starring Burt Lancaster.

The Company's theatres, located in 250 communities in 35 states, are principally in the growing areas of the south and southwest. Renovation and refurbishing is undertaken wherever required in order to maintain these theatres in the best physical condition for patrons' convenience and comfort. Our theatre subsidiaries are constantly surveying their respective areas to seek out worthwhile opportunities. Currently, for example, a new theatre is being constructed in Orlando, Florida within a major shopping complex. Property has been acquired for a theatre in Suniland, Florida and a drive-in theatre has recently been purchased in Tucson, Arizona.

Our Company has also continued its long-standing policy of divesting marginal or uneconomic properties. At the year end, our subsidiaries, which operate on a local, autonomous basis, had interests in 443 theatres. During the course of the year, fifteen theatres were divested and two were added; one, a new conventional theatre replacing a formerly existing theatre in Illinois and the other, a drive-in theatre in North Carolina.



The new Colonial Plaza Theatre being constructed in a major shopping center in Orlando, Florida



JANUARY 8, 1961

Wallaces Farmer



FLORIDA
Silver
Springs

OTHER ACTIVITIES

RECORDS

Maintaining consistent progress since its inception in 1955, ABC-Paramount Records, Inc. enjoyed another excellent year in 1962.

Among the highlights of the year was the first million-seller album on the ABC-Paramount label — "Modern Sounds in Country and Western Music," featuring Ray Charles. A single record from that album, "I Can't Stop Loving You," achieved a total retail sale well in excess of one million records. Most trade publication listings placed the album among the top sellers of all times and rated the single recording as the best of the year.

Two other single recordings by Ray Charles, "Hit the Road, Jack" and "You Don't Know Me," "Sheila" by Tommy Roe and "Sealed With a Kiss" by Brian Hyland were all outstanding successes.

During the year, new artists were signed, including: Jeri Lynn Fraser, a 16-year-old singer, already featured in motion pictures; the comedy team of Allen and Rossi; Ray Milan and the Quarter Notes, gaining national recognition with their arrangements of the Bossa Nova style; and the well-known comedian, Frank Fontaine, whose album "Songs I Sing on the Jackie Gleason Show" became one of the outstanding hits at the turn of the year.

Command Records and Command Classics maintained its preeminent position in the stereo field. Noteworthy were its releases by Enoch Light and his orchestra, recorded on the 35/mm process, of "Big Band Bossa Nova," "Carousel" starring Alfred Drake and Roberta Peters, "Irving Berlin at Carnegie Hall" and "The Big Band's Back in Town" starring the renowned trumpeter Doc Severinsen. A recent Command label release was "School for Scandal," the Broadway stage success featuring Sir Ralph Richardson, Sir John Gielgud and Geraldine McEwen. The Cash Box, one of the music industry's leading publications, made a special award in citing Enoch Light as "Best Recording Orchestra—Stereo LP."



In the field of modern jazz, a selected number of distinguished recordings under the Impulse! Records label included such top-rated artists as Duke Ellington, John Coltrane, Coleman Hawkins and Shelly Manne.

Westminster Records, which was acquired in 1961, is in the process of being rebuilt in order to fulfill its expected potential in the classical music field. Its new releases included two by the noted conductor, Pierre Monteux: "Romeo and Juliet" by Berlioz and Beethoven's Symphony No. 9.

International sales on all of ABC-Paramount Records' product also continued to rise during 1962, aided by new licensees and distribution agreements.



FILM SYNDICATION

ABC Films, Inc. greatly expanded its distribution of film properties to television stations and advertisers during 1962. Both within the United States as well as in foreign markets, the company bolstered its position as one of the major television film syndicators in the industry.

Highlighting the domestic activities was the syndication success of the program **THE REBEL**. Other properties that met with great acceptance were **THE LIFE AND LEGEND OF WYATT EARP**, **ONE STEP BEYOND** and a favorite children's cartoon series, **CASPER THE FRIENDLY GHOST AND COMPANY**.

With strong demand for television programs in foreign markets, ABC Films currently has sold thirty-three different television series to stations in forty-eight countries. Current favorites include such ABC-TV Network programs as **BEN CASEY**, **COMBAT!** and **I'M DICKENS—HE'S FENSTER**.

A new program series, **GIRL TALK**, features the popular television personality Virginia Graham. It has been very well received and has been purchased by a growing number of leading stations.



GIRL TALK—a stimulating conversation series with prominent guests including Suzy Parker, Marion Javits, Sheila Graham shown with hostess Virginia Graham

AMUSEMENT CENTERS



Tourists get an exciting view of the underwater world from the famous glass-bottom boats at Silver Springs

SILVER SPRINGS, one of the nation's most popular scenic attraction centers, was acquired in October. The 3900 acre area includes the largest known single spring and group of springs in the world. It is famous for its glass-bottom boat rides and it also features many other attractions for the more than one and a half million tourists who annually visit Silver Springs, located near Ocala, Florida.

WEEKI WACHEE SPRING is another scenic attraction center in Florida which has been operated by our local theatre subsidiary since it was acquired several years ago. The main feature at this 600 acre tourist center is its unusual underwater programs performed by a team of accomplished swimmers in a clear spring. A modern auditorium accommodates 500 persons who can view these performances, seated fourteen feet below the surface of the water. Other attractions have been developed which greatly add to the interest and enjoyment of visitors to central Florida.

The Company also operates food concessions in Disneyland Park.



Visitors in the underwater auditorium watch a performance by the mermaids of Weeki Wachee Spring

PUBLISHING

The publishing enterprises of our Company had another good year in 1962. Three agricultural papers with a combined circulation of more than 800,000 are operated by subsidiaries in the heart of America's cornbelt. They are Prairie Farmer of Chicago, Wallaces Farmer of Des Moines and Wisconsin Agriculturist of Racine. Each paper is more than a hundred years old.

The three publications serve virtually all farmers in Indiana, Illinois, Wisconsin and Iowa, with substantial circulation in Missouri, Minnesota and Michigan. They not only carry much information on the technology of better farming, but also report agricultural news and farm policy matters.

The highlight of the year was the sponsorship of the tenth annual Farm Progress Show on the Everett Smith farm in central Iowa. This show is now acknowledged as the biggest farm field day in the world. The 1962 exposition drew crowds totaling 300,000 during its three day run. It furnished a show window of the products of 275 manufacturers of farm implements and supplies. Much of the equipment was demonstrated under actual field conditions.

The three publications have consistently ranked among the top half dozen farm papers in this country in terms of advertising lineage.

Young fashion models, one of the many features of the Home Progress Show



ELECTRONICS

Present interests of the Company in the field of electronics are held in Microwave Associates, Inc. (a 12% stock interest), Technical Operations, Inc. (a 19% stock interest) and Visual Electronics Corp. (a loan with rights to purchase stock).

MICROWAVE ASSOCIATES, INC., as a result of an accelerated company sponsored research and development program, introduced many new products during 1962. The company has entered the fast growing traveling wave tube market and the introduction of a new series of high power varactors has been an important factor in developing solid state microwave power sources with the potential of making inroads into the reflex klystron market. A number of Government research and development contracts were received in such areas as plasma physics and solid state circuits from which future new products may emerge.

TECHNICAL OPERATIONS, INC. doubled in size during 1962, mainly through the pooling of interests with Beckman & Whitley, Inc., a west coast manufacturer of meteorological equipment, propellant actuated devices for rockets and missiles and high speed scientific cameras. Of particular significance was the formation of TOX Corpora-

tion, an equally owned new company with the Xerox Corporation, to further the commercialization of Tech/Ops' new process for making photographic film and paper. A number of new projects were undertaken in the area of national defense, including participation in the last series of nuclear tests held in the Pacific.

VISUAL ELECTRONICS CORP. is a small sales and engineering company, specializing in broadcast communications systems. One of its principal activities is in the field of television automation and additional installations of its program automation systems were made this past year in several major television stations. Visual's technical sales and services and new products that it has developed have gained acceptance not only in this country but in the growing foreign market as well.



Research on lasers at Microwave Associates

Clearing in clouds by seeding technique developed by Tech/Ops for the Air Force

AMERICAN BROADCASTING-PARAMOUNT THEATRES, INC.

ASSETS	<i>December 29, 1962</i>	<i>December 30, 1961</i>
CURRENT ASSETS:		
Cash	\$ 26,602,530	\$ 26,956,300
United States Government securities, at cost (approximate market), and certificates of deposit	16,805,969	6,695,463
Accounts and notes receivable, less reserves:		
Trade accounts receivable	37,393,703	42,514,389
Other notes and accounts receivable	2,760,423	3,137,533
Broadcasting program rights, film costs and production advances, less amortization	17,741,155	15,011,005
Inventory of merchandise and supplies, at cost or less	2,435,214	2,316,526
Prepaid expenses	1,801,653	1,748,062
Total current assets	105,540,647	98,379,278
 INVESTMENTS AND OTHER ASSETS, AT COST, LESS RESERVES (See Note A):		
Affiliated companies	7,815,807	6,207,346
Notes and accounts receivable due after one year	1,168,932	976,739
Miscellaneous investments	2,580,943	2,661,752
Deposits to secure contracts	970,389	868,182
Deferred charges	1,902,307	2,218,405
	14,438,378	12,932,424
 PROPERTY AND EQUIPMENT:		
Land, at cost	24,843,910	23,106,575
Buildings, equipment and leaseholds, at cost	90,656,962	91,439,685
Less—Accumulated depreciation and amortization	(47,387,471)	(50,274,120)
	68,113,401	64,272,140
INTANGIBLES, at cost	14,899,387	14,551,735
	\$202,991,813	\$190,135,577

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND CAPITAL	<i>December 29, 1962</i>	<i>December 30, 1961</i>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 35,551,403	\$ 31,908,632
Federal taxes on income	8,163,782	9,482,431
Less—U. S. Government securities	(8,163,782)	(9,482,431)
Notes and mortgages payable within one year	863,441	529,334
Total current liabilities	<u>36,414,844</u>	<u>32,437,966</u>
LONG-TERM DEBT:		
Notes issued under Loan Agreement (See Note B) . . .	47,500,000	50,000,000
Other notes and mortgages	5,269,521	1,669,993
OTHER LIABILITIES:		
Deferred income	3,225,463	2,806,055
Deferred incentive plan compensation (See Note C) .	251,275	126,960
Miscellaneous	1,445,362	1,030,783
Total liabilities	<u>94,106,465</u>	<u>88,071,757</u>
INTEREST OF MINORITY STOCKHOLDERS IN SUBSIDIARY COMPANIES	<u>353,537</u>	<u>358,164</u>
CAPITAL STOCK AND SURPLUS (See Note D):		
Common stock, \$1 par value		
Authorized—10,000,000 shares		
Outstanding—4,456,427 shares	4,456,427	4,361,376
Capital surplus	56,882,919	53,996,167
Earned surplus	47,192,465	43,348,113
	<u>108,531,811</u>	<u>101,705,656</u>
	<u><u>\$202,991,813</u></u>	<u><u>\$190,135,577</u></u>

CONSOLIDATED PROFIT AND LOSS AND SURPLUS ACCOUNTS

PROFIT AND LOSS ACCOUNTS	1962	1961
INCOME:		
Television and radio time and program sales, less discounts, rebates and commissions to advertising agencies	\$274,523,295	\$254,280,216
Theatre admissions, rentals and vending profits	75,955,916	83,327,900
Merchandise and record sales, publishing and other income	29,094,017	25,380,075
Dividends from affiliated companies	167,691	96,992
	<u>379,740,919</u>	<u>363,085,183</u>
EXPENSES:		
Operating expenses, cost of merchandise sold, selling and administrative expenses and sundry taxes	348,439,003	333,235,365
Depreciation and amortization of buildings, equipment and leaseholds	6,143,750	6,220,129
Interest expense	2,163,907	2,271,337
Profits applicable to minority stockholders in subsidiary companies	48,439	40,256
Federal income tax	12,189,000	11,412,532
	<u>368,984,099</u>	<u>353,179,619</u>
PROFIT FROM OPERATIONS	10,756,820	9,905,564
CAPITAL GAINS , net, after applicable Federal income tax and, in 1961, reserves provided of \$2,000,000 against foreign investments and \$750,000 against other investments	<u>281,794</u>	<u>5,124,211</u>
PROFIT FOR THE YEAR , including capital gains	<u>\$ 11,038,614</u>	<u>\$ 15,029,775</u>
 SURPLUS ACCOUNTS		
<i>Earned</i>		
BALANCE AT BEGINNING OF YEAR	\$ 43,348,113	\$ 53,996,167
ADD or (DEDUCT):		
Profit for the year, including capital gains	11,038,614	
Dividends:		
\$1.00 per share paid in cash	(4,367,519)	
2% paid in common stock	(2,826,743)	2,739,363
Proceeds in excess of par value of 7,671 shares of common stock issued upon exercise of stock options		177,167
Settlements and costs of anti-trust litigation applicable to period prior to January 1, 1950 (See Note F)		(29,778)
BALANCE AT END OF YEAR	<u>\$ 47,192,465</u>	<u>\$ 56,882,919</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GENERAL:

The consolidated financial statements include the accounts of the Company and all domestic subsidiaries owned 75% or more.

The investment credit under the Revenue Act of 1962 is included in profit to the extent of approximately \$65,000, representing the amount by which the credit exceeds the related estimated additional tax payable in succeeding years.

NOTE A—INVESTMENTS AND OTHER ASSETS:

The miscellaneous investments include \$1,243,192, the carrying value of unliquidated investments in certain theatres sold. These investments consist of stock and property interests sold since January 1, 1950 under contracts of sale secured by liens on the assets disposed of, at prices amounting in the aggregate to \$8,224,550. The sales prices, with interest thereon in most cases, are payable in instalments which in some cases are fixed periodic amounts but in the main are variable contingent amounts determined by the contractual provisions of the particular sale, and have final maturities in various years extending to 1981. Of the total sales prices, \$7,060,978 remained uncollected at December 29, 1962 and the difference between this amount and the present carrying value of the investments is a contingent profit which will be taken into the profit and loss accounts proportionately over future years as additional instalments of the sales prices are collected.

NOTE B—NOTES ISSUED UNDER LOAN AGREEMENT:

These comprise 4.2% notes in the amount of \$47,500,000 payable \$1,250,000 semi-annually from July 1, 1964 to and including July 1, 1972; \$1,625,000 semi-annually from January 1, 1973 to and including July 1, 1977; and \$10,000,000 on January 1, 1978.

NOTE C—DEFERRED INCENTIVE PLAN COMPENSATION:

The Key Employees Incentive Compensation Plan, which was approved by the stockholders in 1961, provides that for each year there may be credited to a reserve an amount based upon earnings, which will be available for payment as incentive compensation to employees, such amount being subject to limitations provided in the Plan. The amount to be credited to the reserve, the employees who are to participate and the amount of incentive compensation awards are recommended by the Key Employees Incentive Plans Committee (which consists of three directors not eligible for awards) and are determined by a majority of the members of the Board of Directors who are not eligible to receive awards.

For the year 1962, \$550,000 was credited to the incentive compensation reserve and \$509,000 was awarded to 106 participants, of which \$279,750 has been paid in cash in 1963 and \$229,250 contingently credited to be paid in deferred annual instalments upon termination of employment. The balance of \$251,275 in the above account at December 29, 1962 represents the deferred incentive awards and the unallocated reserve, less estimated applicable reduction in future Federal income taxes.

NOTE D—CAPITAL STOCK AND SURPLUS:

Under stock option plans approved by the stockholders, 328,243 shares of common stock are reserved for issuance to officers and employees. During 1962 options were granted for 19,000 shares at \$33.85 and \$42.40 per share; and options for 7,671 shares were exercised partly at \$23.972 and partly at \$24.202 per share. In compliance with the Plans, the number of shares called for by options outstanding on the record date for the common stock dividend were increased by 2% and the option prices reduced accordingly. There were outstanding on December 29, 1962 under the 1950 Common Stock Option Plan options which entitled the holders to purchase 5,590 shares of the Company's stock at \$23.727 per share on or before March 23, 1963, and under the 1959 Restricted Stock Option Plan options issued in 1959 for 126,608 shares at \$23.502 per share, options issued in 1960 for 12,688 shares at \$40.984 per share, options issued in 1961 for 34,332 shares at prices ranging from \$39.956 to \$45.088, and options issued in 1962 for 17,850 shares at \$33.186 and \$41.569

per share. Options issued under the 1959 Plan are exercisable during a period of seven years from date of issuance cumulatively to the extent of 25% of the number of shares at the end of each of the second, fourth, fifth and sixth years from date of issuance. Options for 131,175 shares permitted to be issued under the 1959 Plan remained unissued at December 29, 1962.

Under the Loan Agreement there are certain restrictions on the Company in declaring or paying any dividends (otherwise than in shares of capital stock of the Company) or making, or permitting any "restricted" subsidiary to make (otherwise than in shares of capital stock of the Company) any purchase, redemption or retirement of, or any other distribution upon, any shares of capital stock of the Company. Of the consolidated earned surplus at December 29, 1962 approximately \$21,400,000 was not restricted as to payment of dividends or purchase or redemption of stock.

NOTE E—RENTALS UNDER LEASES OF REAL PROPERTY:

American Broadcasting-Paramount Theatres, Inc. and its consolidated subsidiaries were committed as of December 29, 1962 under 234 leases of real property expiring subsequent to December 31, 1965 under which the minimum annual rental was approximately \$4,908,000. The minimum annual rentals stipulated in these leases which expire during the three five-year periods ending December 31, 1980 and subsequent to that date are as follows:

Leases expiring:

During the 5 years ending:	
December 31, 1970
December 31, 1975
December 31, 1980
Subsequent to December 31, 1980
	<hr/>
	\$4,908,000

NOTE F—CONTINGENT LIABILITIES:

The Company and its subsidiaries have contingent liabilities under pending litigation, including anti-trust suits, to many of which a predecessor company, Paramount Pictures Inc., and other major motion picture companies are defendants. Under the Plan of Reorganization of Paramount Pictures Inc., the Company assumed 50% of the expense and liability incurred in connection with anti-trust litigation where distribution and exhibition are involved and which is based upon occurrences prior to the dissolution of Paramount Pictures Inc. on December 31, 1949. Payments of \$29,778 made during the year with respect to such litigation were charged to capital surplus.

The Company has an obligation to the sellers of The Prairie Farmer Publishing Company measured by a percentage of profits of that company and its subsidiaries over the next 3½ years. The amount of liability is not presently determinable but any payment will represent additional intangibles not presently subject to amortization.

OPINION OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
American Broadcasting-Paramount Theatres, Inc.

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and surplus present fairly the financial position of American Broadcasting-Paramount Theatres, Inc. and consolidated subsidiary companies at December 29, 1962 and the results of their operations for the fiscal year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

New York, N. Y.
March 18, 1963

PRICE WATERHOUSE & CO.



AMERICAN BROADCASTING-PARAMOUNT THEATRES, INC. ANNUAL REPORT 1962